

LIST OF THE KHABAROVSK KRAI COMPANIES, ACTING AND POTENTIAL CONTRACTORS OF THE SAKHALIN OIL & GAS DEVELOPMENT PROJECTS

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Komsomolsk-on-Amur Companies

THE AMURSKI SHIPBUILDING YARD (ASY)

ASY joint stock company produces a great variety of machinery products (propellers, shaft, steering gear, winches, capstans, ladders, bridge bearings, screws, etc.). In general ASY comprises hull, assembly and welding, pipe assembly, machinery, metallurgical, heat treatment productions, testing center, and electroplating shops. The enterprise produces sea and river vessels, vessels with air pillow maintenance, vessels with hydrofoil wings, ocean trawlers and refrigerators, and others.

In 1996, it became a prime contractor of Sakhalin Energy to modernize Moliqpak, an offshore oil-drilling platform for the Sakhalin oil development program. In 2002, the Amurski Shipbuilding Yard and Exxon Neftegas Ltd signed the contract on refitting and modernization of Orlan, an oil-drilling platform in the framework of Sakhalin-1 Project. Other parties of the \$140 million contract include Hyundai (Republic of Korea) and Natchik (USA). The Yards tends to expand its participation in Sakhalin projects and envisions renting of working premises at the Severny shipyard (Sovgavan)

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PODMA

Podma Company established in 1959 has been engaged in hoist machinery production. In the middle of nineties, the company went bankrupt and currently Komsomolsk municipal administration runs it. Since today it is now one of the most successful operations of the city its reprivatization is very possible in the near future. Podma employs 506 people; its annual sales have been permanently growing and in 2002 exceeded USD 4 million. The lifting capacities of Podma's cranes are from 1 to 50 tons and their span varies from 3 to 54 meters. 40 percent of Company's products are sold in Sakhalin.

Podma seeks a US partner to develop production of more sophisticated cranes for the needs of the Sakhalin oil & gas projects.

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CONCOM

Concom was established in 1991 is engaged in diversified business activities including printing, production of packaging materials, civil construction. Concom is a founder of "Tiger-Amur", Russian-Japanese joint venture engaged in selling Japanese second hand heavy machinery. The Company is also running a large construction division engaged in construction of hydropower plant in Amurskaya Oblast, civil construction projects in Western Russia and Sakhalin.

Concom seeks an American partner to establish joint venture selling US made secondhand heavy machinery in Sakhalin.

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DOK-2

DOK-2, Komsomolsk Wood Processing Combine, was established in 1932 and currently employs 215 people. The company was privatized in the middle of nineties and now it registered as a open joint stock. The Combine possesses its own timber stand and today its major activity is production of construction materials, windows, doors and furniture. In 2002 it sales were USD 700,000.

The Company wishes to become a supplier of the Sakhalin oil & gas projects and is ready to establish a joint venture with a US firm, so that it products would meet international quality requirements.

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KOMSOMOLSK BATTERY PLANT JSC

The Komsomolsk Battery Plant JSC was established in 1942 employs 700 persons and is the only battery producer in Eastern Russia. The plant is very responsive to the new requirements

of the Far-eastern market permanently designing and producing new types of batteries, as well as reducing the production cost. In 2002, the plant produced 220,000 batteries of USD 72 million worth. It is one of Sakhalin Morneftegas suppliers.

Since Company manufactures diversified plastic consumables, it is ready to develop manufacturing of plastic products, which could be demanded in Sakhalin. Company also envisions modernization of its assembling lines and development recycling of old batteries.

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AMURLITMASH

Amurlitmash manufactures foundry equipment. Among the plant's products are continuous shot-blasting barrels, batch-type shot-blast cleaning barrels, batch-type shot-blasting chambers with rail-running cars, universal shot-blast cleaning chambers, shot-blasting machines for sheets, rolled metal electro-hydraulic machines, and other equipment.

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KnAAPO

The Komsomolsk-on-Amur Aircraft Manufacturing Enterprise (KnAAPO) is the largest aircraft machinery producer in the Russian Far East and it perceived as one of the most successful operators in Khabarovsk Krai. The enterprise has received recognition on international markets owing to production of SU fighter planes.

The enterprise also encompasses a number of manufacturing operations that develop production of non-defense goods, such as light multi-purpose planes (Be-103 amphibious seaplane and C-80 plane). Additionally, its scope of production includes motor boats, yachts, scooters, children's bicycles, oxygen pressure chambers for medical needs, and off-road vehicles designed for Northern areas and districts. The Enterprise is a regular participant in international exhibitions and conferences.

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Expo-Trade LLC

Expo-Trade Limited Liability Company was established in 1998. It currently employs 55 people. The Company owns an administrative and utility complex (990 sq. m.) and leases 2,283.56 sq. m. of land. Dealership sales account for 80 percent of the company's activities, production of drying kilns - 20 percent. The company is an official representative of Forest Machines Wood Production LLC, USA (logging equipment); SCM GROUP, Italy (wood processing equipment); Omga, Italy (tree-merging equipment); Pezzolato and Artiglio, Italy (band saws); Polzer, Germany (compression equipment) and Hew Saw, Finland (chipper-canters). Expo-Trade's sales in 2002 were \$ 540,000. State agencies purchased 20 percent of the company's products, private businesses - 80 percent. The company works on the local (30 percent), regional (40 percent) and national (30 percent) markets. In 2002, it was recognized one of the best enterprises in the Khabarovsk Krai and received a Governor's certificate. Expo-Trade's Director participated in SABIT program in 1999, its Commercial Director was trained in the Citizen Initiative's Center (USA) in 2001, the Head of the Supplies Department received marketing and management training in Indiana Jones firm (USA). The company is able to conduct business in English.

Expo-Trade seeks to establish its own wood-processing facility and market products in Russia (including Sakhalin Island) and the Pacific Rim Countries. The project envisions organization of an easily converted, medium capacity operation, which will produce construction materials, including window frames, doors, plinth, profiles, finishing panels, etc. The Company possesses vacant spaces for production, trained engineers and technicians; it has developed necessary technical procedures, selected equipment and identified markets. It is currently working on certification of Russian larch together with the Forest Machines Wood Production LLC. The Company is able to purchase 40 percent of the required equipment and currently seeks an American investor to provide additional \$ 850,000. The estimated payback period for the project is 1.5 years. Business plan is available in English and Russian.

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Avest

Avest has successfully positioned itself on the local market of durables, assembling TV sets, radios, and other home appliances. Avest products are reasonably popular throughout Russia for their price and satisfactory quality. In 2002, Company's production and sales increased 250 percent.

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Amurmetal JSC

Amurmetal Joint Stock Company (Komsomolsk), successor of Amurstal - the only metallurgical plant in the RFE, was registered in 1997. The Company possesses a melting shop, a rolling mill and a number of support facilities. The rolling mill has a unique high-precision mill stand (320/150) for hot rolling, with a rolled wire section, a line for specific bars and wire rods. The Company manufactures a wide range of metal for construction purposes: steel reinforced rods, rounds, angles and rolled wire. In 2003, Amurmetal tends to produce 500,000 MT; its quality control system is developed in compliance with ISO 9002 standard. 86 percent of Company's output is exported through Voest-Alpine Intertrading (Austria) to 16 countries including Taiwan, Korea, China, Bangladesh, Latin America etc. More than 12 construction companies operating in Sakhalin Island are permanent consumers of the mill's steel.

Amurmetal experiences permanent shortage of scrap metal that is why its management seeks multimillion investments to develop production of steel using iron ore.

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ROSNET LTD.

Rosnet LTD. is a private provider of telecommunication services in Komsomolsk, which has a poorly developed telecommunication infrastructure. (7 phone sets per 100 persons). Company was founded in 1994, and currently employs 12 people. Rosnet is a representative for COMSTAR, a joint venture between the Moscow City Telephone Network and GPT (Great Britain), and submits the most diversified, reliable and relatively inexpensive telecommunication services in the city. Company's clientele is growing rapidly. Rosnet is closely associated with the local Organization of Invalids (more than a half of its employees are physically challenged people) that provides it with significant privileges in taxation.

Company wishes to establish partnership with foreign businesses to expand the volume of its services, including operation in other cities of the Russian Far East including the Sakhalin Island.

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Access-A.S.C. LLC

Access – Amur Services Company is engaged in setting-up comprehensive infrastructure and providing support services for production and construction projects in the Russian Far East.

Access provides the following list of services:

- Transportation services
- Lodging and meals
- Telecommunications (cellular and satellite telephones lease Satellite TV systems, installation and maintenance)
- Staff employment
- Site Teams Procurement and Supply
- Administrative Support (visa support, office equipment lease etc.)

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Khabarovsk Krai Companies

KPBAC

The KHV Plant of Building Aluminum Construction (KPBAC) is the only manufacturer of diversified building aluminum construction in Eastern Russia.

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KHABAROVSK SHIPBUILDING YARD

The Khabarovsk Shipbuilding Yard is perceived as the most viable enterprise in the sector in the Khabarovsk Krai. Initially, the yard was established to service the Pacific Ocean fleet and frontier guard service and was dependent on state orders. Currently, the enterprise is developing civil vessel production, like Mercury, designed for the customs service and a few sea-hunting ships.

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DALDIESEL

Marine diesel engines and marine diesel-generator sets are constructed by the Khabarovsk DalDiesel Joint-Stock Company. Currently, the enterprise specializes only in production of spare parts for diesel units, but the existing demand doesn't correspond with the existing capacities. DalDiesel is capable of producing modern diesel generators.

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DALENERGOMASH

Dalenergomash Joint-Stock Company is the major manufacturer of compressors, pumps, blowers, gas-turbines, induced- and forced-draft fans, gate valves, main-operated pumps, and

large and small heat exchangers for industrial purposes. The machinery produced by Dalenergomash is designed for heavy industry, mining, power production, and employment in gas and chemical industries.

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GORKY PLANT

The Gorky Plant, which produces various types of load-hoisting equipment, including vessel winches, pier cargo cranes, used to be among the largest enterprises in Khabarovsk. The company possesses industrial lines to manufacture supplies for marine vessels, such as heat generators, desalting sets, and air and oil coolers.

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AMURCABLE

Amurcable is the only cable producer in the Russian Far East. The Company manufactures 20 items including: power and communication cables, signal and blocking, cables, rubber-insulated cables for marine vessels, small dimension cables, wires for electric devices, winding wires, bar conductors, and more. Amurcable exports its products to more than 17 countries, with a substantial portion exported to Pacific Rim countries. In 2000, the company was awarded with the international certificate and recognized internationally as an enterprise with a strong reputation.

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DALREMMASH

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STROYCONTAINER

THE LARGEST MANUFACTURER OF SHELTER PRODUCTS IN EASTERN RUSSIA

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ARTEL AMUR

Artel Amur Gold Mining Company runs a large subsidiary producing diversified construction materials (granite plates, brick; window frames, doors etc), and detergent manufacturing factory.

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KhabarovskAVTO

KhabarovskAVTO the Regional Association of Cargo Carriers; unites 150 trucking companies operating in the Khabarovsk Krai and Jewish Autonomous region and has permanent service agreements with more than 160 companies including Sakhalinmorneftegaz. KhabarovskAVTO is permanently introducing the most advanced technologies in trucking business.

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Amur River Shipping Company JSC

Amur River Shipping Company JSC provides cargo services to SakhalinMorneftegaz and interested in expanding its operation in the Sakhalin area.

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